

A Comparative Study of Financial Literacy between the EU and Thailand.

What can Thailand learn from the EU?

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An Independent Study Submitted in Partial Fulfillment of the  
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การศึกษาเปรียบเทียบความรู้ทางการเงินระหว่างสหภาพยุโรปและประเทศไทย  
ประเทศไทยสามารถเรียนรู้อะไรจากสหภาพยุโรปได้บ้าง?

ส.ต.ต. ณัฐชภัทร ศิริพัฒนานันทกุล

สารนิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรศิลปศาสตรมหาบัณฑิต  
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By                                      POL.L/C Nutchapat Siripattananuntakul  
Field of Study                      European Studies  
Thesis Advisor                      Associate Professor CHAYODOM SABHASRI, Ph.D.

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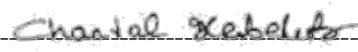
Accepted by the GRADUATE SCHOOL, Chulalongkorn University in Partial Fulfillment of the Requirement of the Master of Arts

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ณัฐชภัทร ศิริพัฒนานันทกุล : การศึกษาเปรียบเทียบความรู้ทางการเงินระหว่างสหภาพยุโรปและประเทศไทย : ประเทศไทยสามารถเรียนรู้อะไรจากสหภาพยุโรปได้บ้าง? (A Comparative Study of Financial Literacy between the EU and Thailand. What can Thailand learn from the EU?) อ ที่ปรึกษาหลัก : รศ.ดร.ชโยดม สรรพศรี

ความรู้ทางการเงินเป็นปัจจัยสำคัญในการส่งเสริมเสถียรภาพทางเศรษฐกิจ ในสถานการณ์ที่โลกกำลังเปลี่ยนแปลงอย่างรวดเร็ว ความรู้ทางการเงินเป็นสิ่งสำคัญในบริบทต่างๆ ปัจจุบันผู้เกษียณอายุชาวไทยจำนวนมากต้องเผชิญกับภาระหนี้ที่เพิ่มขึ้น และพวกเขาไม่มีเงินเพียงพอสำหรับการดำรงชีวิตหลังเกษียณ เนื่องจากผู้วิจัยมีสัญชาติไทย ผู้วิจัยจึงปรารถนาที่จะมีส่วนสนับสนุนความรู้ทางการเงินของประเทศไทย การไต่ถามศิลปศาสตรมหาบัณฑิตสาขายุโรปศึกษาทำให้ผู้วิจัยมีความสนใจในการเปรียบเทียบทักษะทางการเงินของชาวไทยและชาวยุโรป

วัตถุประสงค์ของการศึกษานี้คือเพื่อเปรียบเทียบความรู้ทางการเงินระหว่างสหภาพยุโรปและประเทศไทย โดยใช้เยอรมนีเป็นกรณีศึกษา ผลจากการวิเคราะห์ข้อมูลทุติยภูมิพบว่าประเทศไทยมีคะแนนความรู้ทางการเงินที่ค่อนข้างอ่อนแอเนื่องจากการศึกษาต่ำ ดังนั้น ขอแนะนำว่ารัฐบาลควรรวมแง่มุมต่างๆ ของการศึกษาจากสหภาพยุโรปและเยอรมนีเพื่อกำหนดนโยบายให้รวมการศึกษาด้านการเงินในแง่มุมต่างๆ ที่นำไปใช้ได้จริงสำหรับประเทศไทยเพื่อให้ได้มาตรฐานความรู้ทางการเงินที่ดีขึ้น

สาขาวิชา ยุโรปศึกษา  
ปีการศึกษา 2563

ลายมือชื่อนิสิต.....  
ลายมือชื่อ อ ที่ปรึกษา.....





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Advisor: Associate Professor CHAYODOM SABHASRI, Ph.D.

Financial literacy is a key factor in promoting economic stability. In a situation where the world is changing rapidly, financial literacy is essential in various contexts. Nowadays, many Thai retired individuals face an increase in debt burden, and they do not have enough money for living after retirement. As the researcher is a Thai nationality, the researcher aspires to contribute to Thailand's financial literacy. Pursuing Master of Arts in European Studies have led the researcher to develop an interest in comparing the financial skills of Thais and Europeans.

The objective of this study is to compare the financial literacy between the EU and Thailand, using Germany as a case study. Results from secondary data analysis show that Thailand appears relatively weak in financial knowledge score due to lower education. Therefore, it is recommended that the government should incorporate aspects of education from the European Union and Germany to fix policies to include practical aspects of financial education for Thailand to achieve better financial literacy standards.

Field of Study: European Studies

Academic Year: 2020

Student's Signature.....

Advisor's Signature.....

The image shows two handwritten signatures in black ink. The top signature is the student's, and the bottom signature is the advisor's. Both signatures are written over dotted lines that correspond to the labels 'Student's Signature' and 'Advisor's Signature' respectively.

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Nutchapat Siripattananuntakul

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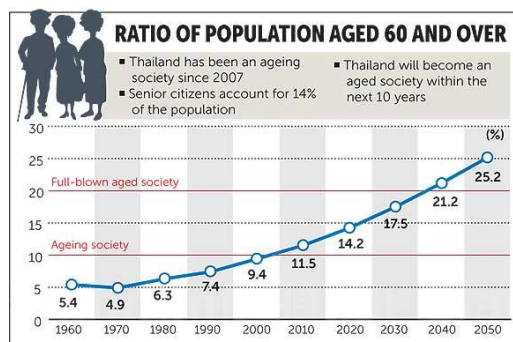
## CHAPTER I: Introduction

### 1.1 Significant of Problem

There are three main concerns of good quality of life for the retirement people at the international level; (1) financial insurance in the age of old and the pension system (wealth span), (2) medical treatment (health span), and (3) taking care of the elderly when they cannot care for themselves (life span). In this paper we will focused on financial insurance in the age of after retirement(wealth span), while mainly go through the financial literacy system between Thailand and EU. In the present, when people are in debt over their heads they rarely survive income grows slower than debt and goes against the savings rate. “Financial literacy” is becoming increasingly spoken to be essential in life and many people are beginning to see that the government has to play an important role in fostering financial literacy from a young age. It is important as teaching the kids to know how to read and know how to write. Whether it is the use of money, savings, the allocation of income and expenses. How to invest that money to grow. Therefore, having financial literacy is something everyone should learn from childhood, school age, working age or retirement age. It is no longer refuse to learn this financial literacy.

Since 2004, Thai society has become an ageing society, or society with more than 10 percent of the elderly whose age is 60 or over. At present, Thailand has approximately 12 million elderly people, counted to be 18 percent of the total population, it is an introduction of aged society.

Figure 1.1

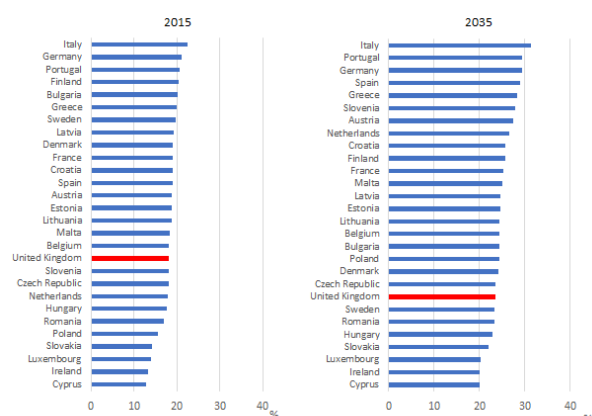


Sources: National Statistical Office, National Economic and Social Development Board and Foundation of Thai Gerontology Research and Development Institute

For the next 20 years it is estimating that, Thai society will have approximately 20 million elderly people, becoming the ultimate aging society or society with the proportion of older people exceeding 30 percent of the total population. The population is aging, and the overall birthrate is declining. Retirement people can be divided into 2 groups: 1) The retirement who are still active,

which are the largest in society and have a need for a wide variety of products and services according to their income level. 2) Retirement people who are beginning to be dependent and the retirement who are highly dependent, such as bed-bound patients. However, if divided by income level on both types of senior citizens with high income. It is a group that is not much to worry about, because It has a high purchasing power and can be used for good quality home care and nursing home services. The middle-income and low-income groups were particularly concern, because they are a large group in society and people in this group their number are keep increasing every years, especially the retired people with low income. In this group, some of the active retirees are defenseless. They still have to rely on a living allowance and have to work to earn money even after entering retirement time. Today's Thai retirement are those who have not been given educational opportunities in the past. Most of them did not study for long, they went out to work, marry, start a family and have many children, so most of the money is invested in raising children and not saving for themselves, but the retirees in Thailand are expect their children to take care of them when they are old. In addition, the long-term financial instruments have only recently emerged. The people who have access to these financial instruments are most likely in the 40 years old to 60 years old mostly on the educated group, so this can make the rest of the money can be saved for yourself in old age. Therefore, Thailand aging society still having the financial instability of the elderly.

Figure 1.2



Source: World Population Prospects, custom data acquired from website, United Nations Department of Economic and Social Affairs Population Division

### The nickname "Old Continent"

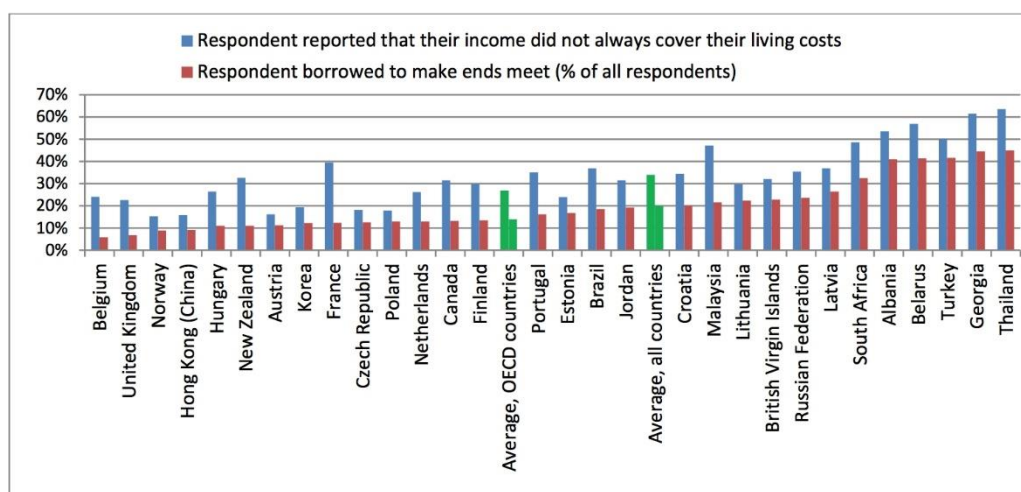
is a European nickname that relates with current European demographic trends on lower birth rate and longer life expectancy. The overall population growth in Europe was slowed and Europeans have a higher average age. In Europe, an aging society with more than 20 percent of the population aged 60 and

over, Italy, Portugal, Germany and many Eurozone countries are becoming advanced. There is a proportion of the elderly 60 years old per population of more than 12 percent, which is likely to

enter the aging society in the next few years as well. Good financial skills are fundamental for life, It allows us to plan our financial life in terms of saving, spending and managing our debts appropriately. European countries such as France, Denmark, Switzerland, Germany, Hungary, Netherlands, Norway, Sweden and Austria as well as Belgium. Most of the People are high level of financial skills, this mean that over 65 percent of the population is financially literate. Older people living in Europe are most likely to spend on luxury items to meet the needs and facilitate themselves because there is a lot of money left after retirement because of well financial literacy plan.

Educational part of Kenan Institute of Asia (2015) found that part of the incidence of household debt was higher due to the relatively low level of financial literacy in the majority of the country's population and the low financial literacy involved in reckless financial behavior. Most of the financial service users have not enough a level of knowledge and financial management skills. This often leads to unreasonable decisions about spending money. In addition, Hall, Keith (2008) suggested that financial education would enable people to spend their money well. As with Sibley, Jonathan (2010) emphasized the importance of knowledge and efficiency. Financial skills that enable individuals to make a decision, he also found that financial literacy training can help individuals succeed or having knowledge better than financial ability and also create opportunities for them to have access on the financial system, which will lead to Eat well in the household.

**Figure 1.3 Percentages (weighted data)2016: all respondents, sorted by 'borrowed to make ends meet'**



Source: OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY COMPETENCIES © OECD 2016

The figure 1.3 can indicate a high level of financial weakness in Thailand because Thailand has low or volatile per capita income. A good financial education can bring knowledge learned to help people allocate their own budgets and save money during the crisis of uncertainty to manage existing invoices and burdens. Committing to using credit cards or borrowing from cash cards can help people avoid similar situations in the future or minimize their impact but in long run if Thai people still use the money that borrowing from the credit card or cash card this show the bad financial altitude to Thailand too.

Therefore, this research study aimed to know “How to upgrade the financial literacy of Thai people to be like Europe so that they can save, spend, and invest so that after retirement in the future they will be able to live comfortably”. Europe and Thailand From the survey results of the Fiscal Policy Research Institute Foundation (2013) and the skills survey Financial of Thai people of the Bank of Thailand (2013) and is a group that is plunged into poverty and debt, a major problem in the country that needs urgent resolution. The results of this study will be helpful. For setting policies or promoting financial literacy for the elderly to resolve the debt and poverty of the people for the relevant organization.

## **1.2 Research objective**

1.2.1 -How does the financial literacy in the EU provide the better living standard for their citizen after retirement? While having Germany as a case study.

1.2.2 -How could Thailand learn from the EU experiences? While having Germany as a case study.

## **1.3 Research Scope**

This study will examine the areas of EU support for financial literacy. Which EU member states should be a good model by looking at how they work within the framework of the EU and Germany? Which policy of the Thai government sector related to financial literacy, let's look at which agencies in Thailand support financial literacy such as the Ministry of Finance, bank of Thailand and commercial banks for comparing the model countries like Germany with Thailand to let us know how Thailand can learn the technical to improve their financial literacy?



#### 1.4 Word definition

**Financial Literacy:** refers to the gross component of awareness, the knowledge, abilities, attitudes and behaviors necessary to make financial decisions and determine financial well-being.

**Financial knowledge:** refers to knowledge and understanding of concepts related to finance includes the skills, motivation and confidence. These knowledge and understanding can be done effective decisions to improve the financial well-being on both individuals and society.

**financial behavior:** refers to a measure in terms of behavior finance, which will be about behavior in money management , borrowing money, saving and planning income financial expenditure.

**Financial Attitude:** refers to the measure of conceptual finance, borrowing, saving, and financial planning.

**Elderly people:** refers to the elders, who are over 60 years of age

**Retirement** refers to a person withdraws from his or her full-time job at the age of more than 60. The retirement age depends on the occupation and regulations of each company. There are some companies still accepts people over the age of 60 to continue working, its depends on knowledge and ability and experience of that person.

**Working age:** refers to a group of people aged 19 - 60 years old who need to earn money. To support yourself and your family

**Saving:** refers to the portion of income remaining to be used for expenses on current consumption and consumption with the purpose for future expense.

## **CHAPTER II: Concept and Theories**

The study of financial literacy is becoming increasingly popular by financial expertise, that is something that cannot be touch or invisible. In the first part, the relevant theories will discuss the origins and concepts of theoretical theory. The importance of saving, invest, spent and the development of financial skills are based on economics. In the second part, a literature review aimed at measuring the level of financial skills is discussed.

### **2.1 Related theories**

#### **2.1.1 Behavioral Economics**

Behavioral economics has integrated the concepts of psychology and sociology to study how the above-mentioned behaviors can occur. Understanding behavioral economics begins with studying how people have thought processes to make decisions. It may divide the thinking process (Cognitive Systems) into two systems: automatic system and reflective system. The automation system focuses on intuition. It is when we make decisions or act quickly and without deliberation, so this system is difficult to control. Many countries are interested in applying the knowledge gained from this field to design policies aimed at adjusting human behavior to meet their needs, such as increased savings, more health care, etc.

The reflective system focuses on analytical thinking, where we have to use judgment. Thinking with reason and effect to be able to make the right decisions, this system has characteristics that we can control.

In addition, people have limitations in their thinking processes. That is, we have limited ability to process information. The more relevant and complex information, the greater the number of decisions you make. There is little time for making decisions and having a bad memory. This will drive us to more general decision making (Rule Of Thumbs) or Randomness, making the decisions of many people more likely to be automated than to deliberate. Which is likely to make mistakes in decision making This leads to easier negative effects on both the welfare of the referee or the society. The decision-making process based on behavioral economics can be considered from 3 key factors involved in decision making: (1) Perception (2) Preference and (3) Institution.

The study of behavioral economics in volunteer work involves design options. Volunteering for the retirees may be another option that encourages the retirees to socialize and

may help them make a small income. For examples of current volunteer work involving older adults are village health volunteers. Which is beneficial for both the village health volunteers to go out to meet and help people and the visitor from village health volunteers. Research studies in order to understand the behavior of different groups of people and to create options for people to make their choices that they need, it is important to use behavioral economics to adjust the behavior of people into desirable ways. As a result, reduce the fiscal burden from entering the aging society.

### **2.1.2 Concepts of Financial Literacy**

Knowing about finance is the study of the limited use of resources.

It helps in formulating financial policy, tax law, civil and commercial laws, and regulations from the government. In business term, thinking processes, human behavior and the interpersonal model. People with good financial skills will have knowledge and understanding of financial products, able to plan and manage money effectively in terms of spending, saving and managing debt which is an important financial immunity that will increase wealth to improve the quality of life for households and family. Combining various data is to analyze or make decisions and statistics help to study the financial performance of businesses in the past and business trends in the future. We have sufficient financial knowledge by using information or learning materials that is currently available, at least it is immune to households and family to be able to manage financial efficiency and not a burden to themselves, so it should be a clear benefit for each family. however, if in the future every family has sufficient financial knowledge, this knowledge will benefit the economy and society as a whole for nations.(Piyaporn Punpol,2559) Financial skills are an essential basis for people's livelihoods.

### **2.1.3 Measuring Financial Literacy and Financial Behavior**

Research that measures financial literacy skills using financial knowledge and behavior as components, such as the Mandell (2006) study using the Jump\$tart Question's Financial Literacy Questionnaire, divided the questions into four categories: Income, Money Management, Spending and Credit, Saving and Investment It can be seen that the Jump\$tart questionnaire measures only two components: financial literacy with spending behavior, but there will be no question about financial attitude. The research section measures the level of financial literacy

skills. It uses the composition of a person's financial attitudes and financial behavior as an indicator, such as a study by Cummins, Woerner, Gibson, Weinberg, Collard and Chester (2004).

#### **2.1.4 Measuring Financial Knowledge and Financial Attitude**

Research that measures the level of financial literacy skills For example, Huston's study (2010) divides the question into sections including Basic Knowledge (Financial Knowledge), allowing individuals to assess acceptable risks in order to measure financial attitude.

Subsequently, a study by Kiliyanni and Sivaraman (2016) introduced a method for measuring the level of financial literacy skills used in this study. The Huston questionnaire (2010) was used to measure financial attitudes in the perception and option category. Individuals were asked to identify the need for financial education for themselves and individuals to identify the need for financial education. Finance (Financial Education) for others more.

#### **2.1.5 Financial Education**

Financial education will enable people to use their money more efficiently and effectively including borrowing loans from financial representatives by themselves responsible for the loan. Promoting fundamental financial literacy by emphasizing money management while practicing financial skills from experience in the use of financial services in order to be appropriately adapted to daily life. Promote financial literacy by financial education to teach how to savings and investments for all target groups, whether youth, students, investors and the general public through various educational activities, including training, seminars, learning through books. (OECD) (2012a, p. 7) said: "There is no one-size-fits-all model for the development of national strategies for financial education" Therefore, any measures and requirements for enforcing or managing financial safety is an important and necessary component of the national financial education strategy.

## **2.2 Literature review**

From past studies, the researcher will divide the relevant literature to compare the model country of the European Union with Thailand to know that How Thailand can learn about the financial literacy from European Union? into two separate points. 1) The relevant research work on the topic of How EU support or promote financial literacy to their native or citizen?. 2) The relevant research work on the situation of the financial literacy in Thailand that are developing to

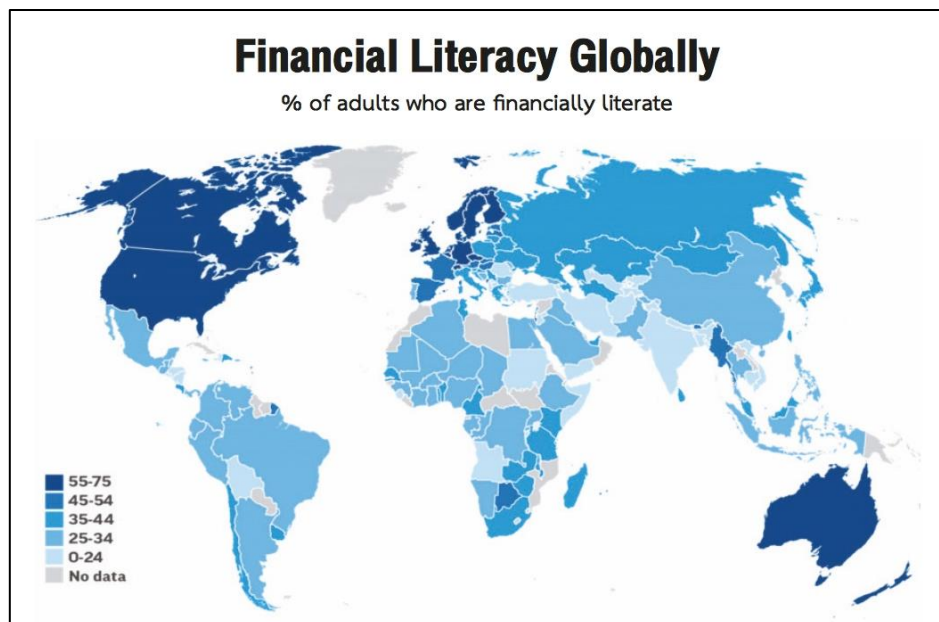
make easier for the people to get access. To make it easier for readers to see the overall picture of this research and to reduce the reader's confusion.

1) The relevant research work on the topic of How EU support or promote financial literacy to their native or citizen?.

“The best way of preparing young people for an independent life as adult consumers is to teach them to see the financial consequences of different choices.” Hilde Johansen

Chair of the EBF Financial Education Project Group Principal Adviser of the Consumer Department, Finance Norge. Now a day, there are many complexity on the financial sector that young people who are leave from their home to start their own family have to face numerous of financial challenges. For young to become adult their need a lot of the financial demanding so to make sure that their have a good start with the right knowledge on financial EBF or The European Bank Federation has run the program to teach the financial literacy to the people from the young age as to build consciousness earlier about personal finance. There are many program of EBF's financial education project to teach young people such as European Money Week and European Money Quiz. For the European Money Week program will be initiate in March of every year and the activities in this program will be classroom teaching session, seminar and conferences about the financial literacy and financial education. For European Money Quiz program will be the quiz among student who has the age between 13 to 15 years old competition, the student will have a lot of fun when their learn about how to saving, loan, investment, and digital security among other topic. After learned there will be a game for the student of 30 countries in EU by Kahoot! Application quiz, and most of the question will be about the financial literacy and financial education to make them easier to gain the right knowledge. The winner of the European Money Quiz will be invite to Brussel for European Money Quiz Final. Both of these program from EBF show the movement of international financial literacy movement to prepare for the next generation to have a right knowledge on financial literacy by give them the good financial education. “Financial literacy is essential! It is a means to an end; a core life skill for participating in modern society in this ever changing digital world that asks more and more of our youth.” Queen Maxima, UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)

Figure2.1



Source: Klapper, L., Lusardi, A., & Van Oudheusden, P. (2015). Financial literacy around the world. Standard & Poor's Ratings Services Global Financial Literacy Survey. Retrieved: January 3, 2018, from [http://media.mh.com/documents/2015-Finlit\\_paper\\_17\\_F3\\_SINGLES.pdf](http://media.mh.com/documents/2015-Finlit_paper_17_F3_SINGLES.pdf)

From the picture2.1, European countries such as Canada, Denmark, Finland, Germany, Netherlands, Norway, and Sweden. All of these countries have high levels of financial skills around 65% of the adult population. This show that the population in EU has good financial literacy skills.

Financial stability in old age can be provided in a number of ways. The most important way in Europe is the government system of providing old age social security by pension. Voluntary household savings for retirement, such as in the form of life insurance and occupational pensions through individual pension funds. [Lusardi and Mitchell,2007] show that financial literacy and pension knowledge are the positive relationship with financial planning and retirement savings. Young people that have got increased incomes may save very little, while older people may have little savings because most of the amount needed to save for retirement needs. "Savings for Retirement" Stimulating savings for retirement nowadays. There are several methods, such as tax incentives, the establishment of a national savings fund. which such

guidelines It is an urgent solution and is Short-term solution In order to solve the long-term problem of saving for retirement.

### **‘Silver Economy’. European Commission**

The concept of the elderly economy project, or silver economy, originated from Hungary. Later, in 2005, the European Union adopted it. Market Expansion of the Aging Economy in Europe This has implications for healthcare business opportunities that use app-based tracking technology and robotic care It also promotes employment for the elderly by providing technology education that responds to modern occupational skills. Investment opportunity in the new aging economy, also known as the Silver Economy, which will create large revenue for the global economy in the coming years. This is because the majority of the customers in this category are retired people with a lot of money who are looking for activities or hobbies like traveling and socializing. Furthermore, consumers in this group are willing to pay a premium for products with high quality or innovative features that can improve their quality of life. According to the European Commission, Europe's aging economy will likely grow. By 2025, it may have created €5.7 trillion in market revenue, contributing to a 32 percent increase in GDP and expanding the scope of employment for the elderly in new occupations. This aging economy aims to allow the younger generation to have access to Knowledge of science and technology It is also an opportunity to inspire youth. new generation to understand Roles and relationships of science in various dimensions of life.

Which EU member states should be a good role model?

Figure 2.2



Source: FINANCIAL LITERACY PLAYBOOK FOR EUROPE, Raymond Frenken and David P.R. Folcher, Editor

In this research, the researcher choose Germany to be the role model for the good financial literacy that have been create consciousness to young generation across the financial education. In Germany, savings are taught to students and has a special savings account for students today, saving is still being taught to children. This make the savings went into the blood of the German people throughout the country. The beginning of savings can be observed that Germany started by strengthening itself by teaching people in the country how to stand on their own. When the way of thinking of the German people is like this Combined with disciplined savings, it results in the advantages that make Germany's financial strength. It's very interesting to study the German people's savings. If you try to explain the reasons for saving, you will find that German people love life and health insurance from a young age. In order to have discipline in saving money forcing yourself to be German spending will choose to save up to 70% of their income, most of the population of Germany will find a supplementary income to use in their daily lives, many of Germans consider saving for emergency spending to be important and that saving and investing for retirement is the most important, Germans pay taxes on almost 50% of their income and the average monthly income savings of the country is 10%.



**Table 2.1 Financial knowledge, attitudes and behaviour (average scores)**

	Knowledge score	Behaviour score	Attitude score	Totalscore
Thailand	3.9	5.8	3.1	12.8
Average, EU countries	4.99	5.83	3.22	14.04
Germany	5.2	5.7	3.1	14.0
France	4.9	6.7	3.2	14.8
Finland	5.2	6.3	3.3	14.8
Belgium	4.9	6.2	3.2	14.3
Austria	4.9	6.0	3.3	14.2
Portugal	4.8	5.9	3.4	14.1
Lithuania	4.7	5.5	3.2	13.4
Netherlands	4.9	5.2	3.3	13.4
Estonia	5.3	4.9	3.2	13.4
Latvia	5.1	5.3	3.0	13.4

Source: OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY COMPETENCIES © OECD 2016

Notes: Average, countries and Average, OECD countries report the mean of the country/economy percentages. Each country/economy is therefore given equal weight.

In the above table 2.1, It shows the Financial knowledge, attitudes and behavior (average scores) between Thailand, average European Union. All of the European Countries have total score of financial literacy higher than Thailand. This score is lower than the OECD average on most topics, except for the calculation of principal and interest on deposits. In terms of financial behavior, it was found that although the overall score was higher than the OECD average, there were points that should be further developed in terms of money management to avoid problems of insufficient funds. For example, study and compare information before purchasing financial products, and choosing the right savings method.

Financial literacy questionnaire Table2.2		
Financial knowledge	Financial behavior	Financial Altitude
1.Division (not counting points)	1.Make financial decisions and allocate money before spending	1. You are happy to spend money. rather than saving for the future
2.The value of money over time	2.Choose a suitable saving method	2. I live for today and do not think. plan for the future
3.Calculate loan interest	3.Think before you buy	3. If you have money, you need to hurry.
4.Calculate principal and deposit interest	4.Pay bills on time	
5.Calculate compound interest	5. Take care of your own finances closely.	
6.Definition of Inflation	6.Set long-term goals	
7.Risk and reward	7.Compare information before purchasing and study information from appropriate sources before making a decision.	
8.Diversification of investment risks	8. Do not borrow when money is insufficient.	

Source: OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY COMPETENCIES © OECD 2016

Table 2.2: Financial literacy can be divided on three part to measure financial literacy score:

1. Financial Knowledge score 2. Financial Behavior score and 3. Financial Altitude score. The above table 4.1 is the question in the questionnaire to let the people to answer the following question for measuring the financial literacy level score. In the question below conclude all of the basic financial skill such as how to save how to invest and how to spent.

2) The relevant research work on the situation of the financial literacy in Thailand that are developing to make easier for the people to get access.

The National Savings Fund for freelance worker, Government Pension Fund for government worker and Social Security Office for private company worker that's aims to promote members' savings and as a guarantee for pension payments and giving benefits to members at the end of membership. Most of the above program fund is a voluntary form of savings for people who wish to save money. In order to ensure that they have a certain monthly income guarantee and enough to take care of themselves in old age. After the age of 60 members will start receiving monthly savings called a pension. The pension will be depending on the amount of savings the members have in the fund with the government helping to contribute to the savings Member remittance period.

The Pension Dashboard is a dashboard that reports information about the pension savings savers will receive upon reaching retirement age. It covers basic benefits, pensions, benefits and return on savings If you go back to the question, "After retirement, how much will you have in savings? And do you think it will be enough to live the rest of your life?" If there is a Pension Dashboard, it can be calculated immediately.

The Pension Dashboard is an idea to foster a new culture that empowers users to become familiar with long-term financial planning and understand that retirement planning is no longer far away. When users have more knowledge and understanding, it will be easier for them to make informed decisions about their retirement lives and have a happy retirement which the authors believe that planning for a good retirement life starts with careful financial planning. To support Thailand, If government agencies and others work together to develop a Pension Dashboard to collect Thailand's fragmented and detailed pension data, People will be able to manage their personal finances and save for retirement more effectively if everything is in one place, systematic, and standardized. It also helps the government in order to maintain a widespread fiscal policy.

The Bank of Thailand recognizes the importance of encouraging people to have financial immunity. The Bank of Thailand has adopted The Organization for Economic Co-Operation and Development (OECD) Financial Skills Survey Guidelines in Thailand to know the level of financial skill development and bring the survey results to create a various policies for promote

financial literacy and access to financial services of the Bank of Thailand by use the OECD's Financial Skills Survey Guidelines to obtain standardized survey results that are internationally comparable. Financial skills scores are based on three components: “financial literacy,” “financial behavior,” and “financial attitude.” The Bank of Thailand has promoted financial skills for Thai people in a variety of ways using a format that is easy to understand and consistent with life events. Through social media, as well as with the media and partner organizations to communicate financial literacy to the wider public quickly and thoroughly focusing on weak points, such as calculating interest on compound deposits value of money.

A study of Financial literacy survey result (Bank of Thailand, 2012) using questionnaires. A prototype from the OECD, which focuses on measuring financial skills through a combination of financial attitudes, financial behavior and financial knowledge. The results of the Thai financial skills assessment study gave similar results to the OECD, but in terms of study details, the average financial skill level was 58.5 percent lower than the average score of the 14 countries participating in the OECD survey of 62.3 percent, and the correct response rating on each question was higher. Last rank of the major problem was found that Thai people lacked financial knowledge, which is the foundation of financial behavior. The study found that the sample group believed that they were financially literate. In which the topics of the sample group had confidence that was higher than the level of budgeting for savings and having lower confidence. The level of knowledge that available is the field of investment, annuity and retirement savings.

The Bank of Thailand (BOT) highlights the role of the situation and has set - up a policy to help people improve their financial skills. Thailand is a country that is constantly changing. Promoting financial literacy is a critical component of developing life skills that will assist people in achieving their objectives. good financial immunity, able to withstand future volatility in a stable manner, resulting in the country's economic stability and the long-term well-being of Thai people.

**1.Promote financial literacy:** to develop Thai people's financial knowledge to become international standards, particularly on the topic of inflation, which has always been one of the top three weaknesses of Thai people on high risk and high returns, as well as diversification of investment in risks management. It should concentrate on providing real-life examples and



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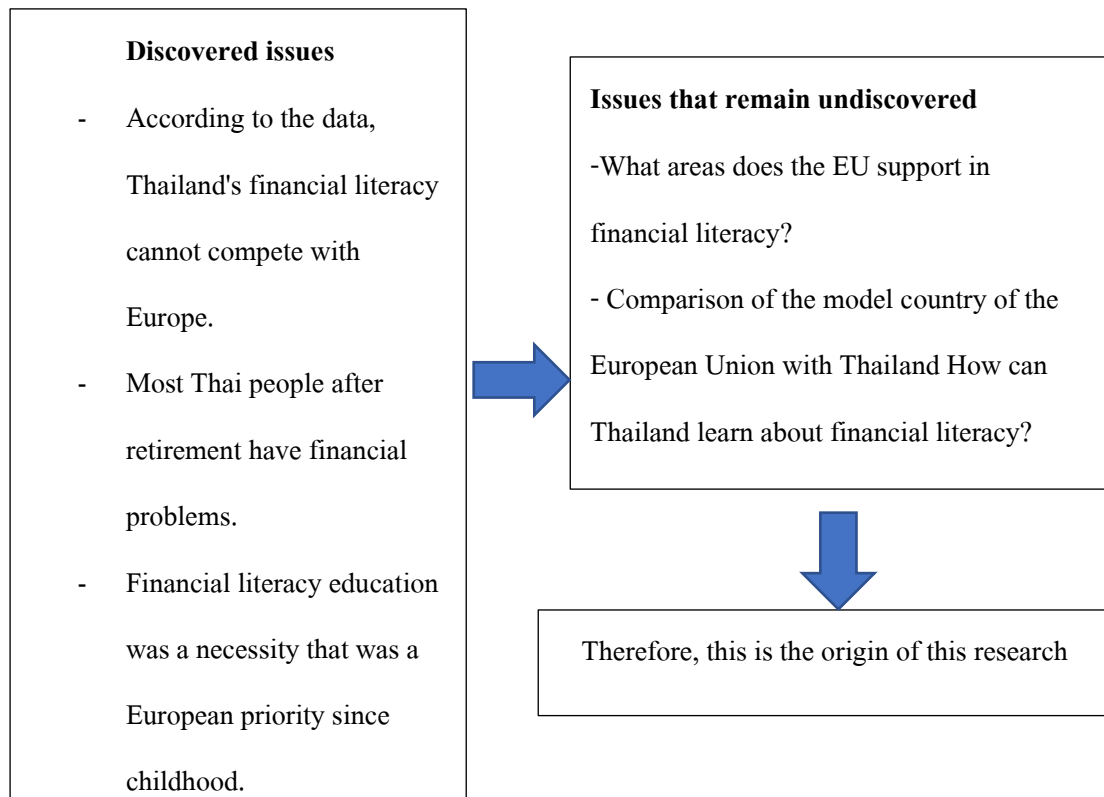
explaining the core values in a way that the general public can easily understand, access, and interpret.

**2.Promote saving behavior:** through valuable suggestions and encouragement of practical action until saving becomes a discipline although Thais have become more knowledgeable of such problems. However, more work needs to be done in order to save as intended. In the event of an emergency, this will aid in building immunity. When they retire, they will be able to look after themselves. It should also promote an environment of saving. In addition, content and communication channels will be developed to provide knowledge for all Thais.

**3.Promoting behaviors and attitudes of working age people:**When it comes to money management, such as allocating funds set financial objectives. Before you go out and spend money or get into debt, think about it. Before purchasing financial products, be aware of the importance of comparing and studying information. Focusing on communication through channels that reach this age group, digital channels and social media. To cope with the factors, money management discipline in terms of planning, saving, and debt management is required to support current environment before shopping inferior things.

The Bank of Thailand has a policy to promote good financial behavior by using preventive measures for the new generation, who are the main working age of the country by providing knowledge along with real-life practice to create good behavior from an early age, which is an important foundation for young people to have good financial immunity and can be able to manage finances appropriately in both savings and debt management. The Bank of Thailand has established a website to compare financial product information, ([www.1213.or.th](http://www.1213.or.th)), the goal of information objectivity is to provide users with comprehensive, reliable information. Manage your finances in terms of budgeting, saving, and debt repayment. and raising awareness of the impact of late debt repayment

### **Research Conceptual Framework**



From the conceptual framework in the study The researcher has formulated the issue that remain undiscovered in the study as follows:

-What areas does the EU support in financial literacy? How does the financial literacy in the EU provide the better living standard for their citizen after retirement? While having Germany as a case study.

- Comparison of the model country of the European Union with Thailand How can Thailand learn about financial literacy?

How could Thailand learn from the EU experiences? While having Germany as a case study.

### **CHAPTER III: Methodology**

In this study, the researcher divided the work process into 2 steps: 1. Study and collect secondary data, 2. Analyze data from the secondary document.

#### **3.1 Information used in the study**

This study collected secondary data by document survey from various sources. such as the Bank of Thailand, commercial banks, various reliable websites, and research related to the study of financial literacy of aging society in Thailand and in Europe

Secondary papers are analyzed at one level and to facilitate a more complete analysis of these important secondary documents such as newspapers, academic textbooks, research articles, and related internet thesis etc.

#### **3.2 Methods of Collection of Information**

Collection of secondary information is the information in a documented form that has already been collected by other persons or entities. Such as report and various academic texts.

#### **3.3 Data analysis**

Data analysis in a comparative study of differences in financial literacy of Thais, Germans and Europeans. The researcher will take the secondary data obtained from various data sources.

To answer objectives 1 and 2 the researcher use data analysis by generating conclusions from secondary data to find flaws and propose solutions to achieve objectives 1 and 2, which will be presented in the form of articles, tables or diagrams, etc.

#### **CHAPTER IV: Result**

Financial literacy refers to the concept of finance as investing, saving and spending money. Financial skills are an essential basis for people's livelihoods. People with good financial skills will have Knowledge and understanding of financial products and able to plan or manage money effectively in terms of spending, saving and managing debt. Financial knowledge means knowledge and understanding of concepts related to finance. and can use these insights to make effective decisions for financial well-being. Financial behavior refers to behavior in managing money. Financial altitude refer to borrowing, savings and income planning to support financial expenditure. Most of the people attitude towards understanding of finance is influenced by experience of the person's initial.

How to save: The distribution of income for immediate savings is to create financial discipline in order to expand the wealth base of savings to support future wealth creation, and the savings should be divided according to the purpose of saving which are both short term and long term.

How to spend: The main idea is to stop from overspending, so that the money saved from the rest of the income can be used to increase the wealth base in the future

How to invest: The concept of saving is better than not saving and saving before becoming rich is not enough to create wealth. We will have to learn what options our savings have to profitable to suit the level of risk. Do not invest in bank deposits only, there are many other way to invest such as stock trade, digital money trade, and mutual fund

Sibley also found that people's attitudes towards money and understanding of finance is influenced by experience. The very beginning of that person is very much. People perceive or attitude towards money in three ways: Affective (money is a god or devil), Cognitive (money is a representation of success). Respect and Freedom) and Behavioral Characteristics (Cash Flow Management and budgeting) (Sibley, page 20)





### Conceptual framework of financial literacy

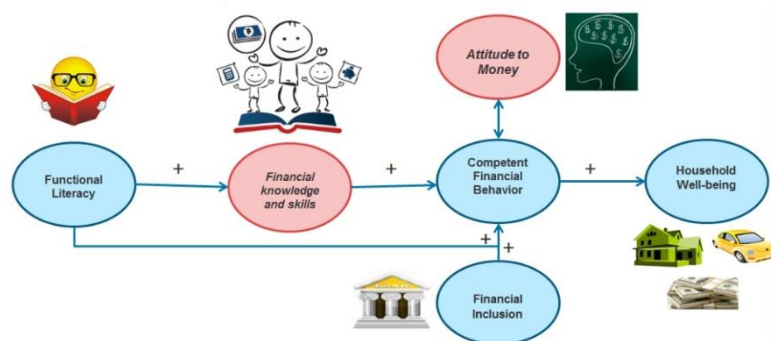


Figure 4.1, Source: Sibley, Year 2010, page 21

Financial literacy training can help individuals succeed or have knowledge financial ability create opportunities for them to have access to the financial system, This will lead to a better household's well-being. As the level of connection between populations and financial literacy is relatively high, policies aimed at promoting financial literacy should be developed that meet literacy needs. the basis and specific problems and obstacles of the people

Financial skill score between Thailand and German for accession of financial literacy				
Table4.1				
Country	Financial knowledge score	Financial behavior score	Financial Altitude score	Total Score
Thailand	3.9	5.8	3.1	12.8
Germany	5.2	5.7	3.1	14.0

Source: OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY

From the above table 4.1, it shows the comparison of the financial skills on three main categories financial knowledge score, financial behavior score, and financial altitude score between Thailand and Germany. Thai people have poor score on financial knowledge, if

compared to Germany because the effect from different level of education. Education is another factor that makes individuals different in terms of thoughts, values, attitudes and behavior of different individuals. As we know that the German is a developed country, so the level of education in German will be higher than Thailand too. Education is the reason why Thailand have lower score in both of financial knowledge.

Thailand have higher financial behavior score than German. Most of Thai people have a financial behavior that good quality of products or services are need to be expensive. This reflects the financial behavior of choosing to spend on high-priced items, because Thai people think that high quality products is better to be expensive. Which is the cause of incurring debt, but on the other hand, German people prefer simplicity in terms of products and services, preferring cheap and good quality products. Which shows that the Germans have a financial attitude about “should be spent” and clearly “should not be spent”. The prime example, Thai people like to spend money on luxury branded apparel, but the Germans focus on simplicity, good quality, and cheap prices.

<b>Financial skill score between Thailand and average EU country for accession of financial literacy Table 4.2</b>				
Country	Financial knowledge score	Financial behavior score	Financial Altitude score	Total Score
Thailand	3.9	5.8	3.1	12.8
Average EU country	4.99	5.83	3.22	13.7

Source: OECD/INFE INTERNATIONAL SURVEY OF ADULT FINANCIAL LITERACY

From the above table 4.2, it shows the comparison of the financial skills on three main categories financial knowledge score, financial behavior score, and financial altitude score between Thailand and the average OECD country. Thais are weaker in financial literacy and financial behavior than the OECD average. Thai people understand how to calculate interest on loans, risk and the effects of inflation less than the OECD. This misunderstanding of inflation

may be one of the factors that influence Thai people not suitable to plan their finances for the retirement, because it doesn't think about the value of money that decreases over time. The behavior of not allocating money before spending is one of the weaknesses of Thai people's financial behavior that needs to be accelerated in order to build financial immunity against risks in life. Thai people should practice money management behavior closely to avoid lack of liquidity. Thai people's saving behavior in terms of saving for retirement and saving for emergency should be better promoted. Financial attitudes are the least inferior to Thai people. They prefer happiness in spending more than saving for the future, so Thai people should be developed the most is the happiness of spending money rather than saving for the future.

Based on financial literacy scores taken from the OECD survey data collected. The researchers used financial literacy scores of Thailand to compared with Germany as a model country for education and learning, and the second comparison of Thailand financial literacy scores compared with average OECD countries financial literacy score. From the above two comparisons, Thailand has a lower total score than both of average OECD country and Germany, its show that Thailand financial literacy still far a way to improve. The main weakness is financial knowledge score. Thai people have poor score on financial knowledge because the effect from different level of education. Lack of basic financial knowledge in all areas. There are also incorrect financial behaviors such as no comparison of information before purchasing, this make Thais can't choose the right savings method which may result in financial problems. On the other hand, Germans emphasize understanding of basic financial knowledge and develop step by step slowly because Germans believes in a system that is step by step. Thailand should find some national policy to improve in this area or asking help from the organization or federation that have responsible to help in financial knowledge.



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## **CHAPTER V: Conclusion and Suggestion**

### **5.1 Summary of the study results**

This study examines how to enhance the financial literacy of Thai people to be as efficient as Europe for saving, spending and investing for a better retirement in the future by using secondary data analysis from various sources such as the Bank of Thailand, OECD survey document, various reliable websites, and research related to the study of financial literacy. According from the secondary data, people in Thailand and European countries have a big different behavior in making decisions about saving or investing money in order to make a profit for the retirement time. Most of the old people who access into the aging period will have the different need on health span, life span, and wealth span. To summarize, Financial literacy is the skill of calculating interest on deposits and return on investment which plays an important role in making individual financial decisions. Financial behavior is spending and saving behavior. For example, before buying or paying bills on time or comparison the data before making a decision and setting long-term financial goals. Financial attitudes are opinions about finances, such as enjoying spending more than saving. live for today and not planning for the future and have money to spend.

Financial literacy” is the weakest aspect of Thai people because of the low skill on financial knowledge, most of Thais have less idea financial literacy on their mind. Thais people do not look at the importance of setting long-term financial goals, most of them emphasizing to use the money that they have earned to cover all of the expenses and still pay less attention on the importance of saving and still not saving in a proper way. On the financial altitude of Thais are lacking the skills to compare information before purchasing and not knowing the right sources for research. As a result, the money cannot be managed to accommodate the increased financial responsibility and causing a lot of the problem on insufficient funds. Educating people on personal financial planning and encouraging people to apply this knowledge in a disciplined way can help our people to overcome poverty and many people to achieve financial freedom. A lack of financial literacy often results in planning problems. both short-term and long-term finances that are not planned quickly

Most of the Europeans do not have to worry about wealth span because they know how to save and invest in order to have enough money to spend in old age, because Europeans people had access to education on various financial skills from a young age. There are many federation or organization, such as the European Bank Federation, which have been set up to take care of the financial skills of European people in depth on what they need to know in order to have a smooth retirement life. In this study, Germany was used as an example of money-savvy behavior. Germans do not spend money on the inferior good more than the average. Most of Germans people they have to consider before their spend money that it is not extravagant. Most of the Germans use their salary to invest such as buying various insurances as savings to gain more profit.

Now a day, Bank of Thailand starts to make projects to fix the problem after researching financial literacy data in each year. There are four main points to focused on: 1. Build knowledge on personal financial planning for Thai people 2. Build personal financial skills for Thai people 3. Create personal finance ethics for Thai people 4. Create a positive attitude towards personal finance for Thai people. To promote savings and financial literacy or financial skill should start at an early age, because it is the age that can be cultivated and change behaviors easier than other ages and discipline in saving and spending. The money will carry with the child until they grows up. For the development of the national strategy on financial literacy governments need to explore and assess initiatives. It is the financial knowledge that exists to assess the needs and requirements that are important policy. The working age group has higher financial literacy than other age groups, but there are some aspects of financial behavior and financial attitude that can be further developed. It should focus on money management, such as allocating money before spending. Setting financial goals, thinking carefully before spending money and incurring debt. The most important factors in making older people a driving force in the economy are saving at an early age and taking good care of their health as they maintain social and economic activities.

In conclusion, this research indicates that Thai people have financial knowledge or skills less than people in European countries. In this research, show the example of behavior of people from both countries during school period, working period and retirement period, we can see that

the behavior of retired Europeans are more having financially independent than those in Thailand. Europeans have access to education on various financial skills from a young age. There are many of federations, such as the European Bank Federation, that are set up to provide in-depth knowledge of Europeans financial skills as to what they need to know for a good retirement life. Financial literacy education can help individuals succeed. This will lead to better well-being of the retirement people. Promoting financial literacy should be developed to meet the people's basic learning needs and specific problems. Europeans are able to spend on what they need in retirement because they are expert in financial knowledge from school or family education at a young age. People in Europe are saving money and can continue to reinvest their savings in order to earn a profit for later retirement. The behavior of Thai people will spend a lot of money during their working age, but after retirement they will not have enough money to stay, but working-age of Europeans don't spend a lot of money, but plan their finances to build a family and save for retirement more. So this research clearly shows that financial literacy is important. What Thailand should improve the idea to become the same level of financial literacy like EU, the first place to improve the financial skills of the people in the country is the accession to the financial education for a young age group. Young age group can easily apply a lot of financial literacy techniques. European countries provide many financial education to children at school. For example, in European countries, the European Bank Federation organizes activities for children in schools on financial skills for everyday use such as European Money Week and European Money Quiz.

The researcher suggestion, after compared Thais, Germans and Europeans financial literacy, Thai government should bring the experienced that learned from European Union and Germany to highly work on the policy and practical term on the financial education that should be made as a compulsory course in teaching and learning courses in every school accredited by the Ministry of Education of Thailand. If Thailand can cultivate the importance or necessity of knowledge and skills in terms of financial access for children in the country quickly, it will be beneficial for children who will enter the working period to know how to save and invest money properly from their income every months so that after reaching retirement age, they will have money left over. If Thailand speeds up the development of financial education quickly the follow up benefit like financial behavior, financial literacy, and the financial attitudes of people in

Thailand will be able to improve and one day the results will be clearly gain a lot of benefit in all dimensions.

## **5.2 Limitation of education (Limitation)**

As for the limitations in this study, the financial skills of the European countries were clearly compared with Thailand, and the data of the original Germany from OECD to compare with Thailand as well. If anyone is interested in taking this study further, they can compare the data with other European countries other than Germany or do in-person interviews about the population of each age group. This is because each country in the EU has differences in terms of Financial knowledge score, financial behavior score, and financial altitude score. By the way most of the three scores are better than Thailand. If Thailand wants to learn techniques for improving financial literacy from other countries than Germany, it can be done. The Comparisons can be made from many angles to encourage Thailand to apply knowledge or techniques from comparative research skill.

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